

## Audit, Risk & Assurance Committee

<b>Date</b>	18 January 2022
<b>Report title</b>	WMCA Strategic Risk Update
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<b>Report has been considered by</b>	Linda Horne (Finance Director & Section 151 officer)

**Recommendation(s) for action or decision: For Information Only**

**Audit, Risk & Assurance Committee is recommended to:**

- (1) Consider and note the strategic risks contained within the WMCA Strategic Risk Register (appendix 1).
- (2) Note the risks highlighted in 2.3 which have been subject to significant changes since the register was last presented to the committee in November 2021.

## 1. Purpose

- 1.1 This report provides an update on the current status of the Strategic Risk Register as presented as Appendix 1 to support Audit, Risk and Assurance committee (ARAC) in its function to monitor the operation of risk management at West Midlands Combined Authority.

## 2. Background

- 2.1 The WMCA Strategic Risk Register (SRR) supports the identification and management of Strategic Risks faced by the organisation in achieving its organisational or strategic objectives. The SRR captures only the high level strategic risks facing the WMCA which are of such significance they require SLT oversight and assurance. Strategic Leadership Team (SLT) maintains ownership and responsibility for management of the risks housed within the SRR. The SLT monitors WMCA's risk environment on a regular basis to ensure key risks are captured on the Strategic Risk register and effective mitigation measures are in place to actively reduce or eliminate the resulting effects. The register has been reviewed by SLT at their 5<sup>th</sup> January 2022 Meeting and is next due for presentation to SLT as a collective on 2<sup>nd</sup> March 2022.
- 2.2 The updated SRR continues to reflect the current risk environment including the effect and response to strategic risks resulting from the Covid 19 pandemic as at 20<sup>th</sup> December 2021. The Covid 19 element of each risk previously captured with the letter B as its suffix (in the Risk ID column of the risk register) has now been merged with the main risk where relevant.

The management of the risks identified is essential, the SRR currently houses **22 strategic level risks**. Due to the significance of these risks they are closely monitored by SLT. The register continues to record 9 risks with a materiality level of high. This includes:

- Financial Assumptions of the Investment Programme (SRR-R001)
- External Factors (SRR-R002) which are recorded with the highest residual scoring of 25; and a newly escalated risk from TfWM
- Metro - 2GT fleet crack propagation (Suspension of all services from 13 November) (SRR-R022).

It also records a further 10 risks with a moderate materiality level (amber). The remaining 3 risks are rated as low (green) (see appendix 2 slide 3 for risk heat map).

- 2.3 The Committee's attention is drawn to the following:

There have also been several significant amendments to the register since it was last reviewed by ARAC as a collective and as such ARAC's attention is drawn to the following (see appendix 2 slide 7):

- Overall Delivery of Devolution Objectives (Risk 6) has been substantially rewritten as elements of this risk are duplicated elsewhere. This risk now has a sharper focus on political uncertainty and as a result this has reduced the residual likelihood score from 4 to 1 thus reducing the overall residual risk score from 16 to 4.
- **NEW Escalated Risk** from TfWM -Metro - 2GT fleet crack propagation (Suspension of all services from 13 November) (Risk 22). As this risk has crystallised it has become an Issue and has an entry on the issues log also. A remediation plan is in progress to address the issue.

- 2.4 The following risks have been consolidated with the Covid element previously captured with a B suffix:

- Financial Assumptions for Investment Programme (Risk 1)

- External Factors (Risk 2)
- Overall Delivery of Devolution Objectives (Risk 6)
- Commerciality (Risk 8)
- Governance Arrangements (Risk 10)
- Reputation risk - Adult Education Budget (Risk 20)

**3. Financial Implications**

N/A

**4. Legal Implications**

N/A

**5. Equalities Implications**

N/A

**6. Inclusive Growth Implications**

N/A

**7. Geographical Area of Report's Implications**

N/A

**8. Other Implications**

N/A

**10. Schedule of Background Papers**

Appendix 1 - Strategic Risk Register

Appendix 2 - High-level Strategic Risk Update –January 2022